

DECLASSIFIED

EXCISE

SECRET

REB990

12801

PAGE 01 STATE 012801

84
ORIGIN SS-04

INFO OCT-01 /005 R

66640
DRAFTED BY OIL TASK FORCE
APPROVED BY S/S-O: S.HOLLY
DESIRED DIST: 4 COPIES TO S/S ONLY

072757

O P 252300Z JAN 71 ZFF4
FM SECSTATE WASHDC
TO WHITE HOUSE

B1

INFO AMEMBASSY CARACAS PRIORITY
AMCONSUL DHAHRAN
AMEMBASSY DJAKARTA
AMEMBASSY ISLAMABAD
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
RUSBAE/AMEMBASSY NEW DELHI 0000
ALL OECD CAPITALS
AMEMBASSY TEHRAN
AMEMBASSY TRIPOLI
USINT ALGIERS
USMISSION NATO
USMISSION OECD PARIS
USMISSION EC BRUSSELS

SECRET STATE 012801

OIL SITUATION REPORT NO. TWELVE FROM STATE DEPT
OPERATIONS CENTER.

OIL TASK FORCE

SITUATION REPORT NBR 12 AS OF 1500 HOURS, EST, JANUARY 25, 1971

SECRET

DECLASSIFIED

DEPARTMENT OF STATE TELEGRAM

DEPARTMENT OF STATE TELEGRAM

TELEGRAM

SECRET

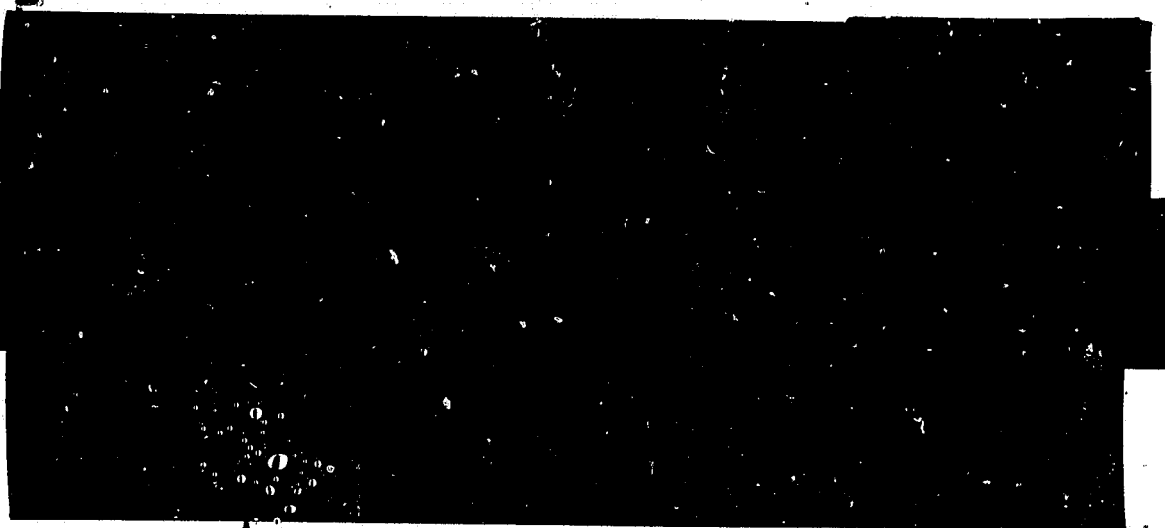
DECLASSIFIED

SECRET

PAGE 02 STATE 012801

1. INDEPENDENT PRODUCERS BRIEFED BY DEPARTMENT REPRESENTATIVE

SEVEN INDEPENDENT OIL PRODUCERS WERE BRIEFED IN LONDON ON THE IRWIN MISSION BY A DEPARTMENT REPRESENTATIVE (AKINS). THEY WERE GENERALLY NEGATIVE REGARDING PARALLEL BUT SEPARATE NEGOTIATIONS WITH THE MEDITERRANEAN AND PERSIAN GULF PRODUCERS, APPARENTLY BECAUSE THEY FEAR THIS COULD LEAD TO A SEPARATE AGREEMENT IN THE PERSIAN GULF AND NO AGREEMENT IN LIBYA, WHERE MOST OF THE PRODUCTION OF THE INDEPENDENTS IS LOCATED. AMONG THEIR OBJECTIONS WERE: FEAR OF A SELL-OUT THE MAJORES, WHO HAVE MOST OF THEIR PRODUCTION IN THE PERSIAN GULF; SKEPTICISM THAT THE SHAH'S COMMITMENT TO STAND BY A GULF PRODUCERS' AGREEMENT WOULD BE KEPT, THUS PERMITTING AN UPWARD PRICE SPIRAL; THEIR VIEW THAT WITH OPEC-WIDE NEGOTIATIONS THE PERSIAN GULF MODERATES' DESIRE FOR A REASONABLE OVER-ALL SETTLEMENT WOULD PREVAIL OVER THE VIEWS OF THE MEDITERRANEAN RADICALS; AND THEIR FEELING THAT, WITH A UNIFIED OPEC-WIDE SETTLEMENT, THE GULF PRODUCERS WOULD IN ANY CASE BE BOUND BY THEIR COMMITMENT TO THE UNDER SECRETARY.



WE CONCUR IN THE NEED FOR SPECIAL EFFORTS TO KEEP THE GERMANS AND ITALIANS BRIEFED. EMBASSIES BONN AND ROME HAVE BEEN ASKED TO REVIEW THE SITUATION WITH LOCAL OFFICIALS, BASING THEMSELVES ON OUR LINE WITH THE INDEPENDENTS IN

SECRET

DECLASSIFIED

DEPARTMENT



SECRET

PAGE 03 STATE 012801

LONDON.

2. [REDACTED]

B1

3. [REDACTED]

B1

4. [REDACTED]

B1

B1

B1

5. TAPLINE

NEGOTIATIONS ON REOPENING OF TAPLINE ARE CONTINUING ON AN OPTIMISTIC NOTE. FREQUENCY OF MEETINGS (JANUARY 24 AND 25) SEEMS TO SUGGEST THAT SETTLEMENT OF THE ISSUES IS BEING SLOWLY RESOLVED.

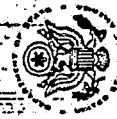
6. ERAP APOLOGIA

SECRET

DEPARTMENT OF STATE TELEGRAM



DEPARTMENT OF STATE TELEGRAM



SECRET

SECRET

PAGE 04 STATE 012801

THE FRENCH GOVERNMENT OIL COMPANY ERAP HAS ISSUED A COMMUNIQUE EXPLAINING ITS REASONS FOR NOT SIGNING THE JOINT OIL-COMPANY STATEMENT. THE PRINCIPAL REASON, APPARENTLY, WAS THE GOF-ALGERIAN NEGOTIATIONS NOW UNDER WAY. EMBASSY PARIS COMMENTS THAT THE COMMUNIQUE MAKES CLEAR THAT ERAP SUPPORTS THE ACTIVITIES OF THE OTHER OIL COMPANIES IN NEGOTIATIONS WITH OPEC BUT IS UNABLE TO PARTICIPATE FOR REASONS QUITE DIFFERENT FROM THOSE OF ENI.

7. ENI'S POSITION

[REDACTED] THE
OFFICIAL POSITION OF THE ITALIAN GOVERNMENT IS EXPECTED TO BE CABLED TO ITS PRINCIPAL EMBASSIES ON MONDAY, JANUARY 25.

8. ALGERIAN OIL PORTS NOT LIKELY TO SHUT DOWN

USINT ALGIERS REPORTS HEARING NOTHING TO CONFIRM THE LONDON SHIP-BROKER REPORTS (SITREP NBR 11) THAT ALGERIAN OIL PORTS WOULD CLOSE DOWN JANUARY 27.

[REDACTED] B1
THE U.S. FEDERAL MARITIME COMMISSION REPORTS THAT THERE WILL BE A 10 PER CENT INCREASE IN WAR-RISK INSURANCE RATES ON TANKERS IN SERVICE BETWEEN U.S. GULF PORTS AND LIBYA, EFFECTIVE FEBRUARY 15. WE DO NOT KNOW WHETHER OR NOT THIS INCREASE WILL BE APPLICABLE TO ALL TANKERS SERVICING LIBYA.
ROGERS

SECRET